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Paul Renews Fight for Banking Privacy *Proposed Legislation Grants Dangerous Power to Federal Regulators*

Washington D.C.- Congressman Ron Paul is once again leading the fight on Capitol Hill against assaults on consumer financial privacy. H.R. 3886, the International Counter-Money Laundering Act of 2000, violates financial privacy, grants overly broad, discretionary power to the executive branch, and may result in a less focused law enforcement strategy with fewer prosecutions. Paul, a member of the Banking committee, is known for vigorously leading the successful opposition to "Know Your Customer" regulations proposed in 1998 by federal banking regulators. Know Your Customer regulations would have required U.S. banks to profile their customers, monitor transactions, and report "suspicious" activity (based not on one's banking habits but on geography, income, etc.- i.e., what one's habits should be!) to Treasury Department criminal investigators. Paul was outspoken in his opposition to the proposals, which ultimately were abandoned by the administration after the Senate voted unanimously to reject them. Financial regulators received over 300,000 angry comments as a result of the opposition generated by Paul and other privacy advocates. H.R. 3886 is essentially an international version of Know Your Customer. Paul opposed the bill in the Banking committee, and was successful (along with Representatives Barr, Campbell, and Metcalf) in amending the bill to create a nongovernmental privacy advocate to report on meetings of Treasury Department bank regulators. However, Paul wanted the Know Your Customer regulations eliminated completely: "This bill will further erode protections for consumer financial privacy. Know Your Customer met with overwhelming public opposition, but now regulators want to establish the same rules for international transactions. Once such regulations are in place, they could be broadened and applied to American citizens domestically." Under H.R. 3886, the Treasury Department has broad discretion to force U.S. financial institutions to report on international transactions and transactions involving foreign banks. The bill does not impose a dollar amount for international transactions that must be reported. It allows the secretary of the Treasury to require that banks maintain records of any transaction upon merely a finding that the transaction or the foreign jurisdiction in which the transaction occurs is "of primary money laundering concern." In total, the federal government is given greater access to personal financial records without judicial review or any showing of probable cause that a crime has been committed. The bill cedes almost total authority to the executive branch, while Congress avoids its responsibility to address the money laundering issue legislatively. Civil libertarians and privacy advocates from both parties in Congress have begun to voice opposition to H.R. 3886. "People are becoming aware of this systematic attack on our privacy" Paul stated. "However, because this bill deals with international transactions, it may pass with less attention than we had with the original Know Your Customer. I call on all Americans concerned with their eroding privacy to join me in urging their Representative to vote no on this bill. H.R. 3886 will continue the trend toward greater and greater intrusion into our private lives by the federal government."

